Shortage of LPG

†2435. SHRI LALIT KISHORE CHATURVEDI: Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether it is a fact that there is concern over shortage of LPG in the country;

(b) whether it is also a fact that this type of shortage is created every year;

(c) the reasons for this shortage with the details thereof; and

(d) the details regarding supply of LPG cylinders at present in comparison to their demand, State-wise?

THE MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRI DINSHA J. PATEL): (a) to (d) Public Sector Oil Marketing Companies (OMCs) have reported that at present, there is no overall shortage of LPG in the country and LPG supplies to distributors are being made by the OMCs through indigenous production and imports in accordance with the genuine demand of customers registered with the LPG distributors. OMCs have further reported that they have supplied 9394 TMT (Thousand Metric Tonnes) of domestic LPG in the country during the period April, 2007-February, 2008 as against 8861 TMT during the corresponding period of 2006-07, showing a growth of 6.0%. The State-wise details are available with the Directors (Marketing) of the concerned OMCs.

However, OMCs had reported backlog in LPG supplies in certain States in the country, due to a combination of factors *viz.*, reduction in supply of bulk LPG by Reliance Industries Limited (RIL) and Essar Oil Limited in January-February, 2008, delay in movement of bulk LPG by rail from Jamnagar to the Northern Region, increased demand in the States due to severe cold which resulted in panic booking by the customers, strikes by contract labour, agitational activities, delays in berthing of vessels at Haldia Port due to reduced draft, bandhs etc.

Government had advised OMCs to liquidate the backlog in the country by operating the bottling plants on holidays and during extended hours. Increased bottling is also done during the working days for early clearance of backlog.

OMCs have not reported any backlog in supply of LPG in the country. OMCs are monitoring the situation on a day-to-day basis and corrective action is being taken wherever required.

Tax holiday for oil refineries

2436. SHRI C. RAMACHANDRAIAH:
SHRI T.T.V. DHINAKARAN:

Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether Government's decision to withdraw tax holiday for new refinery projects is going to hit the oil sector badly;

(b) if so, whether the absence of the existing sunset clause would have any effect on the ONGC refinery project proposal at Kakinada and Mangalore;

(c) if so, the status of the above two proposed projects;

† Original notice of the question was received in Hindi.

(d) whether any steps are being taken to revive them;

(e) if so, the details thereof; and

(f) if not, the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRI DINSHA J. PATEL): (a) Yes, Sir. The sunset provision on Section 80-IB(9) of the Income Tax Act included in Memorandum to Finance Bill, 2008 withdraws the exemption of hundred percent of profits for a period of seven consecutive assessment years including the initial assessment year available for commercial production of petroleum and natural gas for undertakings where refining of mineral oil begins after 01.04.2009.

The timeline of 01.04.2009 for withdrawal of the fiscal incentives will create an imbalance as less than half of the projected capacity during Eleventh Plan is expected to be commissioned by end of 2008 while the balance PSU/JV capacity is expected to come on stream thereafter, till 2012. The proposed amendment will create a large disparity between the projects commissioned till 01.04.2009 and those other which will be commissioned beyond 01.04.2009.

Given the country's increasing import dependence for crude oil and steps taken for promoting value addition in refining for making the country an export hub of petroleum products, the proposed changes will have repercussions on the country's PSU refineries and the E & P sector besides having a negative impact on the country's energy security efforts.

(b) to (f) ONGC has informed that as far as Mangalore Refinery and Petrochemicals Ltd. (MRPL) is concerned, the existing provisions of the Income Tax Act would entitle MRPL to claim tax benefit in respect of the proposed Greenfield refinery in Mangalore and also for the ongoing expansion and upgradation projects which are scheduled to commence refining after 1st April, 2009. However, due to introduction of Sunset Clause in the said Section, as proposed in the Finance Bill, 2008, the tax holiday benefit would cease to be available for such projects, raising serious questions over the viability of the projects.

The proposed Sunset Clause would partially affect the Kakinada Refinery. This proposed Refinery being envisaged to be set up within the Kakinada Special Economic Zone (KSEZ) would be eligible for tax holiday benefits under SEZ Act on profit earned from export. The profit earned on domestic sales will not be eligible for tax benefit which would have been otherwise available.

At MRPL, Mangalore, the expansion and upgradation project from its current capacity of 9.69 MMTPA to 15 MMTPA is under implementation. A proposal for a Greenfield refinery of 15 MMTPA capacity at Mangalore is being evaluated by ONGC-MRPL.

Oil from African countries

2437. DR. K. MALAISAMY:
SHRI S. ANBALAGAN:

Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether China is currently importing 70 per cent of Sudanese Crude Oil;

(b) if so, the percentage of our Crude import from Sudan;